

CDBG POLICY BOARD
August 19, 2002
SLC, UT
Minutes

Present:	Chesley Christensen, Chairman	SCAOG
	Bryce Nielson, Vice-Chairman	BRAG
	Kerry Bate	CDBG
	Steve Browne	MAG
	Laurie Brummond	UBAOG
	Cheryl Elliott	CDBG
	Jeff Gilbert	BRAG
	Debbie Hatt	SEUALG
	Keith Heaton	CDBG
	Kelari Kellar	UBAOG
	Diane Lamoreaux	FCAOG
	Michelle Lea	DCED
	Glenna Matekel	CDBG
	Jerry McNeely	SEUALG
	Lane Nielson	WFRC
	Arthur Peterson	CDBG
	Emery Polelonema	SCAOG
	Constance Robinson	FCAOG
	Lorna Stradinger	UBAOG
	Judy Terry	DCED
	Richard Walker	CDBG
	Pauline Zvonkovic	HUD
Absent:	David Connors	WFRC
	Jeanine Cook	MAG
Guests:	Kevin Butler	Butler Builders
	Brent Hales	Uintah Basin Medical Center
	Brad LeBaron	Uintah Basin Medical Center
	Ray Johnson	Tooele County
	Commissioner Teryl Hunsaker	Tooele County
	Dennis King	Prime Time Systems – CIT

WELCOME AND INTRODUCTIONS: The meeting was held on Monday, August 19, 2002 in SLC Utah and began at 1:30 pm. Chesley Christensen, Chairman, welcomed everyone. Introductions of the Policy Committee were then made.

APPROVAL OF MINTUES: Chesley Christensen asked for approval of the minutes from the CDBG Retreat of June 25, 2002.

MOTION: Lorna Stradinger made a motion to approve the minutes of the June 25, 2002 CDBG Policy Committee meeting. Constance Robinson seconded the motion. All in Favor. Motion carried.

STATUS / REVIEW OF THE INTERIM LOANS: Duchesne County – Uintah Basin Medical Center (UBMC) – Presentation / Need approval to renew contract

The original intention of this loan, approved two years ago, was to allow UBMC four years to repay the loan. UBMC was required to make three payments, one each January with the final payment due in 2004. Keith

Heaton informed the committee members that Federal Law prohibits loan contract terms being greater than two years but allows one-year extensions. The original two-year term is expiring this fall. The contract needs to be renewed for an additional two years to allow UBMC the four-year term as originally approved. CDBG Staff asked for a motion to renew the contract for this year with the intent of repeating the request next year to comply with Federal Law.

UBMC is here to request an extension of the payment date, which is January 2003. Brad LeBaron stated the first payment of \$834,000 has been paid with interest as outlined in the agreement. He requested a delay in the annual payment due date to July of each subsequent year starting in July 2003. He stated they are able to meet the current terms of the contract, but it would present a hardship to the UBMC. Brent Hales stated that Wells Fargo Bank is willing to extend their letter of credit to cover the loan. Chesley Christensen stated that if approved there would be no further payment extensions on this loan.

Bryce Nielsen asked to go on record stating that the Committee is setting precedents to extend loans and that this is a concern. Contracts need to be set up so these extensions don't occur. Richard said there is an additional penalty and additional interest payment, which go to the emergency fund when this occurs.

MOTION: Lorna Strandinger declared a conflict of interest since the UBMC is in her County. She then made a motion to renew and extend the contract for one year and extend the payment period by six months. The next payment will be due the July 1, 2003 and the final payment will be due the July 1, 2004. Bryce Nielsen seconded the motion. All in Favor. The Motion carried.

UBMC will need to attend the August 2003 meeting for formal approval of their contract extension to July 2004. This should be a formality only.

Tooele County – Butler Builders Building Supply Store in Wendover Utah

Keith Heaton said that the CDBG policy states that once a loan is approved, the recipient has up to one year to obtain their letter of credit and other financial requirements as prescribed by the committee. This is the one-year anniversary of Butler Builders loan approval.

Lane Nielsen asked for clarification on the committee's policy regarding the terms of loans. On page 7 of Chapter 6 of the Application Guide it states that as of August 2000 the maximum term of an interim loan may be 5 years with 2 one-year extensions for a maximum of 7 years. This is in conflict with earlier discussions, which stated there would be 2 year terms with up to 4 extensions for a total loan period of 6 years. The code only allows a 2-year initial term. *Staff will clarify wording in the Application Guide.*

Lane clarified the following concerns:

1. Obtaining letter of credit – Commitment to provide letter of credit is coming from CIT Small Business Lending Corporation.
2. Wendover City support of project – handed out letter of support and will issue necessary permits with water line being repaired.
3. Water line to support building – Tooele County will rebuild water line to develop this area.
4. Tooele County now owns the property around the old airport.

Kevin Butler stated he is working on obtaining financial backing and has secured a commitment of a 50-year lease with Tooele County for use of the property. The property cannot be purchased because it sits so close to the airport. Mr. Butler stated he needs to have the building constructed by December 31, 2002 or he will lose the lease agreement with Tooele County. The original loan was set for 4 years for \$480,000 at 2% interest, however, the final loan amount depends on the security Mr. Butler can acquired. Keith stated that there has not been a letter of credit produced from an approved financial source. Mr. Butler requested a one-month extension to obtain the letter of credit and prepare a new financial packet.

MOTION: Constance Robinson made a motion to allow Butler Builders 30 days to provide the proper papers required including an approved letter of credit to staff. Jerry McNeely seconded the motion. Three in Favor. Bryce Nielson opposed. Motion carried.

Chesley Christensen instructed staff to phone the Committee with the status of the loan at the end of 30 days along with staff recommendations. Copies of the information submitted are to be sent to the Committee for review. Keith stated that Mr. Butler would need to submit an interim financial statement, a letter of credit from an approved financial institution, a new comprehensive business plan, and background information for confirmation of CIT's ability to provide financial backing.

EMERGENCY REQUEST – WEBER COUNTY: – Lane Nielsen petitioned on behalf of Weber County to sponsor an application for Catholic Community Services to put a roof on an old school bldg. Currently being used for food bank services. The roof needs to be replaced before winter. The Weber Council of Governments approved this project out side of the normal application cycle as an emergency situation. It does not meet all emergency criteria since funds are not being request out of next year's allocation. This money is on hand now from un-allocated or re-allocated Weber County funds. The request is for \$50,000. The project architect determined the funding amount. Lane said they would need to complete a pre-application, a final application and hold their second public hearing. Richard suggested this be from the emergency fund in the normal process. Next year that money will be reallocated to cover these funds.

MOTION: Bryce Nielsen made a motion to grant emergency funding in the amount of \$50,000 to be re-paid through the next year's allocation. Lorna Stradinger seconded the motion. All in Favor. Motion carried.

2003 SCHEDULE: - Keith Heaton reviewed the schedule for 2002-2203 including the pre-application due December 6, 2002; the consolidated plan due December 31, 2002; and the final application due May 2, 2003

MOTION: Jerry McNeely made a motion to accept the CDBG Schedule for 2002-2003. Constance Robinson seconded the motion. All in Favor. Motion carried.

1% TA SET-ASIDE: Most years the Policy Committee has allowed the AOGs to take a 1% set-aside off the top of the State allocation for use at their discretion for eligible activities.

MOTION: Lorna Stradinger made a motion to accept a 1% TA Set-Aside to be used at the discretion of the AOG's. Bryce Neilson seconded the motion. All in Favor. Motion carried.

2003-2004 APPLICATION GUIDE: - Glenna Matekel reviewed the changes to the Application Guide for 2003-2004:

MOTION: Constance Robinson made a motion to approve the 2003-2004 Application Guideline with noted changes. Bryce Neilson seconded the motion. All in Favor. Motion carried.

QUALITY GROWTH OPTIONS: – Richard Walker provided several options as requested by the Policy Committee as potential language for consideration concerning the quality growth initiative.

The following is to be included in Appendix H – Item #5 - in the 2004-2005 Application Guide. **Successful participation in either the 21st Century Communities Program or the Quality Growth Communities Program.** - A community must efficiently perform many and varied functions on behalf of its citizens. Communities that demonstrate their desire to improve through the use of these programs will be able to increase the use and efficiency of scarce public funds. Therefore they will receive additional credit in the rating of their

applications. Communities with a population less than 1,000 who are applying for a project consistent with the regional consolidated plan (CIP) will be given full credit in this criteria. If they do participate in the 21st Century they will get additional credit not available to larger cities.

MOTION: Bryce Nielson made a motion to adopt option #1 with addition of option #2 with the proper language changes (as stated above). Constance Robinson seconded the motion. All in Favor. Motion carried.

COSCD A MEETING REPORT: – Keith Heaton distributed the Strategic Framework matrix received at the COSCDA managers training. Richard Walker stated that HUD is trying to change the consolidated plan format and the IDIS reporting program and eliminate the PER.

Keith noted that Utah is a leader in utilizing the interim loan program for economic development. This is a major contributor to Utah being ranked number one in timely expenditures. Also, Richard was asked to attend HUD field staff training in New Mexico. State representatives are not usually invited to attend this meeting, this invitation demonstrates Utah's leadership in the State Small Cities Program.

SURVEY CHANGE: – Keith Heaton suggested that the "Typical Survey Instrument" in the application guide be re-worded to "strongly suggest that all surveys be done in person rather than by telephone or by mail". Applicants planning to use any method other than 'door-to-door in person' surveys must receive approval from the state CDBG office. Constance Robinson noted a correction to #2 – If more than 2 family resides at this address, please indicate whether this survey is for:

MOTION: Bryce Nielson made a motion to approve change in language as corrected. Constance Robinson seconded the motion. All in Favor. Motion carried.

POLICY BOARD SURVEY RESULTS: – Cheryl Elliott stated that the only area the Policy Committee rated CDBG staff low is in "what form they want their minutes provided". Half of the board want e-mail, the other half want a hardcopy.

E-Mail = Chesley Christensen, Bryce Nielson, Lorna Stradinger

Hardcopy = Constance Robinson, Jerry McNeely

Judy will call Jeannine Cook and David Connors to find their preference.

Chesley said the meetings are informative and effective. Staff needs to provide complete information in order for the Board to make good informed decisions. He said the staff is doing a good job.

OTHER BUSINESS: There are three of the two-year terms expiring soon – Jerry McNelly from the SE Region and Jeannine Cook from MAG and Lorna Stradinger from UBAG. MAG will be providing a name for a new representative. SEAOG and UBAG will inform CDBG of their intentions. Richard said he would like those names by November or December.

MEETING ASSESSMENT: The Board asked that in the future individuals are invited to make their presentation, they are excused from the room to allow the board open discussion in an executive session and a vote on the issue. Richard suggested a change to the By-laws establishing a much stricter organized approach to interaction between the Board and any applicant. This will be presented at the February meeting.

ADJOURN: Next meeting – at DCED – on Wednesday, February 26th, 2003 – 1:30 p.m.
The Meeting adjourned at 4:00 PM.